



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S. Marg, Mumbai 400001  
फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2270 3279

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

Website : [www.rbi.org.in](http://www.rbi.org.in)

ई-मेल email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

August 5, 2010

### Reserve Bank Cancels the Licence of the Belgaum Catholic Co-operative Bank Ltd., Belgaum, Karnataka

In view of the fact that the Belgaum Catholic Co-operative Bank Ltd., Belgaum (Karnataka) had ceased to be solvent, all efforts to revive it in close consultation with the Government of Karnataka had failed and the depositors of the bank were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order canceling its licence to the bank after the close of business on August 03, 2010. The Registrar of Co-operative Societies, Karnataka has also been requested to issue an order for winding up of the bank and appoint a Liquidator for the bank. It may be highlighted that on liquidation every depositor is entitled to repayment of his deposits up to a monetary ceiling of Rs.1,00,000/- from the Deposit Insurance and Credit Guarantee Corporation (DICGC).

The bank was granted licence by Reserve Bank of India on December 23, 1986 to commence banking business. The statutory inspection conducted by Reserve Bank with reference to its financial position as on March 31, 2005 revealed several disquieting features in the functioning of the bank. The bank was classified as Grade IV and was placed under operational instructions banning accepting of fresh deposits and premature withdrawal of term deposits, etc. The next inspection conducted with reference to position as on March 31, 2006 revealed that the financial position continued to deteriorate and the operational instruction issued were continued.

The next inspection conducted with reference to position as on March 31, 2007 revealed slight improvement in the financial position. However, the subsequent inspections conducted with reference to position as on March 31, 2008 and March 31, 2009 revealed further deterioration of the financial position. In view of the severe liquidity problem and the deficiencies observed in the functioning of the bank, in public interest and in the interest of the depositors to prevent preferential payment and to preserve the assets of the bank, the bank was placed under directions under Section 35A of the Act vide directive dated March 15, 2010 prohibiting it from sanctioning/renewing of loans and advances, making investments, borrowings and acceptance of fresh deposits. A cap of Rs.1000/- per depositor was placed on withdrawal of deposits. Subsequently, a show cause notice (SCN) for cancellation of licence was issued on March 30, 2010. The reply to the SCN did not furnish any viable plan for revival of the bank. The bank also did not submit any viable proposal for merger with any other UCB.

After taking into account the foregoing and after examining all options for its revival, the Reserve Bank of India took the extreme measure of canceling the licence of the bank in the interest of the bank's depositors. With the cancellation of its licence and commencement of liquidation proceedings, the process of paying the depositors of the Belgaum Catholic Co-operative bank Ltd., Belgaum (Karnataka) the amount insured as per the DICGC Act will be set in motion.

Consequent on cancellation of its licence, Belgaum Catholic Co-operative Bank Ltd., Belgaum, (Karnataka) is prohibited from carrying on 'banking business' as defined in Section 5(b) of the Banking Regulation Act, 1949(AACS) including acceptance and repayment of deposits.

For any clarifications, depositors may approach Shri B. Shivananjappa, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Bangalore. His contact details are as below:

Postal Address: 10/3/8, Nrupathunga Road, Bangalore 560 001. Telephone Number: (080) 2211 6260; Fax Number: (080) 2229 3668/2221 0185; [Email](#).

**Press Release : 2010-2011/195**

**Ajit Prasad**  
Manager